

Message of the Week

April 15-19, 2002

“If Congress does not act to make the Bush tax cut permanent, the result will be the largest tax increase in American history.”

- According to the Joint Committee on Taxation, failing to make the Bush tax cuts permanent will result in a tax increase of \$354 Billion in 2011 and 2012.
- Here are some examples of the overnight tax increases that will occur from December 31, 2010, to January 1, 2011, if the tax cuts are not made permanent:
 - The 10% bracket will jump to 15%, resulting in a 50% tax increase for the nation's poorest taxpayers.
 - The 25%, 28%, and 33% brackets will all jump by three percentage-points.
 - The full marriage penalty will return in all tax brackets and in the standard deduction.
 - The child tax credit will be slashed in half—from \$1,000 to \$500.
 - The death tax will be fully reinstated after having been fully eliminated.
 - The IRA contribution limit will be reduced by 60%—from \$5,000 to \$2000.
 - The Education IRA limit will be slashed by 75%—from \$2,000 to \$500.
 - The adoption tax credit will be cut in half—from \$10,000 to \$5,000.
- Everyone who pays taxes will see their taxes go up if the Bush tax cut is not made permanent.
- Particularly hard hit will be low-income taxpayers and married couples with children. Low-income taxpayers will see the lowest applicable tax rate jump by 50% from 10% to 15%. Married couples with children will be resubjected to the marriage penalty and will see the child tax credit cut in half.
- 60 votes are required in the Senate to make a tax cut permanent. The Bush tax cut was passed in the Senate last year with 58 votes.
- Of the 31 Senate Democrats who voted against the Bush tax cut last year, more than half (17 of 31) voted to make the 1993 tax increase permanent (Biden, Byrd, Conrad, Daschle, Dodd, Dorgan, Feingold, Graham, Hollings, Inouye, Kennedy, Levin, Mikulski, Reid, Rockefeller, Sarbanes, and Wellstone).